

EB-5 ANALYTICS

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Regional Center Project Profile

Regional Center: South Miami Regional Center

Project: International Tourism Building Fund LLC

Client:

Date: 4 September 2012

The Southside Miami Regional Center LLC ("SSMRC") was designated as a Regional Center under the EB-5 Visa Pilot Program on 9/20/10.

The focus of SSMRC investment activity is loans to businesses in the areas of construction, rental and leasing services, and administrative and support services.

The International Tourism Building Fund LLC project is a loan-based project with a loan term of 5 years with an option to the borrower to extend 1 year.

I asked Southside Miami Regional Center to describe in brief the International Tourism Building Fund LLC project:

The International Tourism Building Fund LLC has been formed to provide development funding for construction of International Tourism Building, a real estate project located just three blocks west of Miami's world-renowned South Beach. The International Tourism Building is a 21st Century, 24 story state-of-the art commercial tower that will provide services and amenities never before offered for Miami's tourism professionals, setting new standards for efficiency, excellence and global reach.

My financial analyst Henry Fielder and I visited the International Tourism Center site two weeks ago and the exterior was complete and we were able to take a construction elevator to review several floors of the building, including the roof. The principal work remaining to complete the project is outfitting the interior of the building.

The International Tourism Building Fund LLC project has the following principal characteristics and features:

TABLE 1 - IMMIGRATION PETITION STATISTICS

Regional Center	I-526 Petitions (initial 2 Year Green Card)				I-829 Petitions (10 Year Card)			
	Filed	Approved	Denied	Pending	Filed	Approved	Denied	Pending
Southside Miami Regional Center LLC	20	5	0	15	0	0	0	0

INVESTMENT STRUCTURE

Limited liability company

INVESTOR SLOTS AVAILABLE

75

INVESTORS COMMITTED TO DATE

Approximately 50

JOB CREATION NEEDED FOR ENTIRE PROJECT

750

ECONOMIST'S PROJECTION OF TOTAL JOBS TO BE CREATED BY PROJECT

2275

AFFILIATED WITH A GOVERNMENT ENTITY

No. But the project has strong support from the Florida and Miami governments.

TARGETED EMPLOYMENT AREA

Yes

MINIMAL INVESTMENT

\$500,000

REGIONAL CENTER APPLICATION FEE

\$50,000

FUNDS HELD IN ESCROW ACCOUNT UNTIL I-526 APPROVED

Yes

INVESTOR PRINCIPAL REFUNDED IF I-526 NOT APPROVED

Yes

APPLICATION FEE REFUNDED IF I-526 NOT APPROVED

Yes

INVESTOR RETURN ON INVESTMENT

The project return on investment for investors is 1%.

WHEN DOES PROJECT START TO PAY RETURNS TO INVESTORS?

On an annual basis, following the final closing.

HOW OFTEN ARE RETURNS PAID TO INVESTORS?

Annually

IS THERE ANY DEBT ON THE PROPERTY?

Yes

WILL THE PROJECT RELY ON BRIDGE FINANCING UNTIL EB-5 FUNDS ARE TRANSFERRED?

Yes

ANY EQUITY-HOLDERS OR CREDITORS WITH RIGHTS TO RETURN OF CAPITAL THAT IS PRIOR OR SUPERIOR TO IMMIGRANT INVESTORS?

Yes

IMMIGRANT INVESTORS' PLACE IN THE QUEUE OF OTHER INVESTORS AND CREDITORS

1. bank loan (up to \$250 million)

2. portion of high interest bridge financing (up to approx. \$76 million)
3. EB-5 loan
4. partners/owners (committed to maintain no less than \$150 million invested until after EB-5 loan is repaid in full)

ARE THERE NON-IMMIGRANT INVESTORS IN THE PROJECT STRICTLY FOR FINANCIAL GAIN

Yes. 85% of the investments come from non-immigrant investors.

PROFIT-SHARING PLAN

5% interest is earned on total EB-5 loan, of which 4% will be distributed to the Regional Center for its services in monitoring compliance and administrative management.

REPORTS TO INVESTORS

Semi-annually

DO REPORTS INCLUDE UPDATES ON JOB CREATION

SSMRC: "While every precaution has been and will be taken to ensure that this scenario does not arise, investors would be notified of a potential shortage of EB-5 attributable jobs as soon as such information were to come to light to SSMRC or the managing member of International Tourism Building Fund LLC"

INVESTOR OPTIONS IF JOB CREATION GOALS ARE NOT MET

Jobs will be allocated in order of the date that conditional lawful permanent residence status becomes effective. Additional indirect and induced jobs could be demonstrated if necessary.

EXIT PROGRAM

Loan will be paid back to investors at end of 5 year term, unless borrower elects option to extend one year.

SOURCES OF FUNDS FOR REPAYING PRINCIPAL

Payment of loan by borrower. See attached independent financial analysis by Roman Livson for further details.

DOCUMENTS AVAILABLE TO INVESTORS AND THEIR ADVISERS

Private Placement Memorandum	Yes
Partnership / LLC Agreement	Yes
Escrow Agreement	Yes
Loan Agreement	Yes
Comprehensive Business plan	Yes
Economist's Report	Yes
Census Tract(s) Map	Yes
Market Study	Yes
CBRE Report	No
Feasibility Study	Not applicable
Loan document(s) / Debt instrument(s)	Yes
Required Licenses and Permits	Yes
Titles, Mortgages, Deeds of trust	Yes
Leases and sub-leases	Not applicable
Patents, trademarks and other intangible assets	Not applicable

Environmental Impact Report	Yes
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We commissioned a financial review of the International Tourism Building Fund LLC from independent financial advisor Henry Fielder. Mr. Fielder has finance degrees from the London School of Economics and from Columbia University's Business School. He has 20 years experience in the financial industry. He has no financial or other connections to any regional center. His sole income from the EB-5 industry is the standard fee we pay him for each project analysis. Mr. Fielder's report appears below.

Please don't hesitate to contact me should you have any questions about our methodology or the data in this profile.

Very truly yours,

John Roth

DISCLAIMER: The information appearing above is a fictionalized version of an actual regional center project EB-5 Analytics reviewed in 2012.

John Roth
EB-5 Analytics

Re: INTERNATIONAL TOURISM BUILDING (“ the Project”)

Dear John,

We have completed a review per your specifications of the Project’s suitability for EB-5 investors. Our main criterion was the return of principal. This project is located in the heart of Miami Beach. Since most of the tourism-related businesses in the area are scattered among various low-rise buildings that have seen better days, there is a lot of pent-up demand for quality office, commercial and retail space. International Tourism Building is the first project of to concentrate tourism-related offices and retail stores in a single building, the project has already received a lot of attention as is evidenced by pre-sold space and such signature tenants/buyers as Pan American Tourism Institute. This sentiment is echoed by leading Miami real estate brokers.

We tested the sensitivity of the EB-5 mezzanine investor principal protection to changes in sales revenues and construction costs. Based on our conversation with brokers, certain costs such as tenant improvements and free-rent should have been included in the budget. For the purposes of our analysis, we have included those costs.

We believe that the commitment of the project sponsor to maintain at least \$200MM in equity until the project completion provides an adequate protection of EB-5 principal against cost increases and lower sell-out prices and lease-out rates. We recommend the projects for investment subject resolving certain outstanding issues listed at the end of this report.

Sales

According to International Tourism Building Fund LLC projections, their total proceeds from sales and the refinancing of lease space would total approximately \$700.5MM:

	SF	\$/SF	Gross Proceeds
Refinancing of Office section lease	290,863	1200	349,035,600
Commercial section sale	405,861	853	346,359,070
Retail section sale	6,569	5,738	37,696,071
Parking condo sale			5,000,000
			738,090,741
less commissions			(37,594,350)
			<u>700,496,391</u>

Note:

1. IGT projections appear to assume the lease commission rate of 5% whereas brokers tend to charge a tiered structure with 5% for the first year, 4% for the second and third year etc. with an effective 15 year lease rate of approx. 3.2%
2. IGT projections appear to assume the sales commission rate of 5% although brokers tend to have a tiered structure of 6% for the first \$5MM, 4% for the next \$5MM, 3% for the next \$40MM etc.
3. For the purposes of a conservative analysis we kept IGT assumption of 5%

Below we analyze the key components of the sales:

Commercial space – for Sale

Commercial space designated for sale includes Levels C3, C1 and 2 through 21. The total floor area of the commercial space is 405,861SF while the total expected sales proceeds are \$346.4MM. As of today 180,243 RSF are under contract at the average rate of \$775/RSF for the total proceeds of just under \$140MM. The square footage under contract represents 44% of the total available commercial space. Floors C3, 3 through 5 and 18 through 21 are over 50% sold while on C1, 2, 8, 9 and 11-12 no space is under contract.

In order to stress test the safety of EB-5 investor principal we made a conservative assumption under which the sales price per SF for the floor area that is not under contract equals the sales price for the area that is already under contract. If this scenario were to materialize, the expected sales proceeds would fall to \$314.9MM i.e. by 31.5MM from the expected \$346.4MM. If on top of the conservative sale prices we assume 10% of unsold space, this would reduce the sales proceeds by another \$35MM to \$280MM.

Retail space and parking – for Sale

The first floor retail space of 6,569 SF is projected to be sold at \$5,738/SF, which we believe is achievable. We also believe that 5MM in sales proceeds for the parking condo appears reasonable.

Office condo for lease – for Sale

Based on our conversations with leading Miami real estate brokers, the assumed cap rate of 5% for the office condo appears reasonable. In order to test the vulnerability of the EB-5 principal, we modeled the sensitivity of the refinancing proceeds to changes in cap rate and NOI.

NOI, \$/RSF	Cap Rate		
	4.5%	5.0%	5.5%
55	355,499,222	319,949,300	290,863,000
60	387,817,333	349,035,600	317,305,091
65	420,135,444	378,121,900	343,747,182

We conservatively assume NOI of \$55/RSF and 5.5% cap rate which results in the conservative estimate of refinancing proceeds of \$290.9MM.

Based on the above conservative scenario assumptions, the adjusted sales would look as follows:

	Gross Proceeds \$'MM	Adjustments \$'MM	Adjusted \$'MM
Refinancing of Office section lease	349.0	(58.1)	290.9
Commercial section sale	346.3	(66.3)	280.0
Retail section sale	37.7		37.7
Parking condo sale	5.0		5.0
	738.0	(124.4)	613.6
less commissions	(37.6)	6.9	(30.7)
Net sales	700.4	(117.5)	582.9

Note: We have kept the 5% commission rates for lease and sale throughout the analysis

Expenses

According to the information provided by International Tourism Building Fund LLC, the project expense budget amounts to \$655.6MM of which \$477.7MM has been spent to date:

	To-date \$'MM	Balance \$'MM	Total \$'MM
Land & Carry	221.6	0.6	222.2
Hard costs	201.3	100	301.3
Soft	45.1	14.8	59.9
Financing		14.2	14.2
Carrying and interest	4.9	31.5	36.4
Other	4.8	16.8	21.6
Total	477.7	177.9	655.6

To our question regarding the additional expenses to perform tenant improvements, International Tourism Building Fund LLC representatives indicated that those were not factored in the analysis and the funds to perform the tenant improvements would come from the sales proceeds. The Hard Costs Assumption section of the summary projections lists TI of zero and floor area subject to TI of 730,630 SF. We believe that TI for the Commercial section may not be significant as it is designated for sale and the buyers tend to finance their own TIs. We believe that TIs would be applicable to the office section of 290,863 SF that has been designated

for lease. We, therefore, believe that we need to factor into the budget the tenant improvements of approximately \$75/SF (around \$21.8MM).

We also need to take into consideration the free rent of maximum 12 months normally provided as part of the 15-year lease package for similar high profile properties. We compute the monetary value of the free rent, by adding (i) one year of foregone lease revenues of \$27.6MM and ii) one year of operating expenses of \$10.2MM which results in the total free rent expense of \$37.8MM.

Therefore, the adjusted costs would look as follows:

Adjusted costs	Unadjusted \$'MM	Adjustments \$'MM	Adjusted \$'MM
Land & Carry	222.2		222.2
Hard costs	301.3	21.8	323.1
Soft	59.9	37.8	97.7
Financing	14.2		14.2
Carrying and interest	36.4		36.4
Other	21.6		21.6
Total	655.6	59.6	715.2

Equity

Following the receipt of the construction loan of \$75MM and EB-5 Mezzanine piece of \$300MM, the Project's capital structure would look as follows:

(In USD million) Capital Structure	Pre EB-5 and DB construction loan	EB5-1	EB5-2	Construction Loan	Repayment	Total
Debt	126.0			300	-126	300.0
EB5. Mezzanine Piece		50	25			75.0
Owner/Sponsor Equity	351.7				-71.1	280.6
Total	477.7	50	25	300	-197.1	655.6

According to the cash flow projections provided by International Tourism Building Fund LLC, the Owners will maintain above \$280MM in equity in the Project until EB-5 Mezzanine facility has been fully repaid. Furthermore, International Tourism Building Fund LLC provided a letter from the project sponsors saying that the sponsor will maintain above \$200MM in equity in the project until after completion.

Conclusion

In the event the most conservative assumptions for revenues and expenses were to materialize, the project would make the following loss:

Project Profit/Loss	Unadjusted \$'MM	Adjustments \$'MM	Adjusted \$'MM
Revenues	700.4	(117.5)	582.9
Expenses	(656)	(59.6)	(715.2)
Profit/(Loss)	44.8	(177.1)	(132.3)

In the event of adverse developments as simulated above, the maximum loss of \$132.3MM will be absorbed by \$200MM sponsor's equity that will be maintained in the project until after completion. Due to this we recommend the International Tourism Building Fund LLC project as suitable for EB-5 investors as even in the most unfavorable scenario, their principal will be protected. The recommendation is pending the resolution of the key outstanding issues listed below:

Key Outstanding issues

1. "International Tourism Building Fund LLC Development Company, the developer of the project wishes to assure investors that the owners have committed to maintain no less than \$200MM in the project until after completion...". We have asked International Tourism Building Fund LLC but so far have not received an answer as to what "completion" means. It could be (i) completion of construction, (ii) receipt of the office sales and lease refinancing proceeds or (iii) repayment of funds to EB-5 investors. The situation we try to avoid is the repayment of sponsor's equity ahead of EB-5 investors. This situation can arise prior to office lease stabilization and, therefore, refinancing. International Tourism Building Fund LLC suggested that additional security to EB-5 investors can be provided by way of (i) placing proceeds to a trust to the extent of EB-5 investor's principal and interest before any equity is repaid to project sponsors or (ii) giving International Tourism Building Fund LLC (the vehicle for EB-5 investors) junior mortgage on the office condo. International Tourism Building Fund LLC is discussing these options and are leaning towards (i) above. However, no determination has been made as of yet and no corresponding paperwork has been drafted. We were told that the decision may be made in 10 business days. We will need to see the draft paperwork.

2. According to Section 2.a of the draft Inter Creditor Agreement, the Junior Lender hereby acknowledges that (i) it has received and reviewed...Senior Loan Documents and approves and consents to the provisions of the Senior Loan Documents. We have requested but not seen the Senior Loan Documents. Nor have we seen the terms thereof. This means that the inter-creditor agreement and the Junior Loan agreement can only be executed contemporaneously with the Senior Loan agreement.

3. The timing of the closing of the Construction Loan has been postponed several times. Although we have been assured by International Tourism Building Fund LLC that the closing will take place around mid-September 2012 it is clear that the construction loan is pivotal to the completion of the project. The EB-5 investors are protected against the senior loan contingency as long as the petition is not filed prior to the construction loan being in place. We plan to rely on Section 4.7 of the LLC agreement, but limit the waiting period by September 30, 2012. According to Section 4.7 of the International Tourism Building Fund LLC agreement concerning the Inter-Credit Agreement (which is executed simultaneously with the Senior Loan Documents):

"4.7. Inter-creditor Agreement Based Withdrawals. If the Fund fails, at any time, to enter into an inter-creditor agreement with each senior lender to International Tourism Building Fund LLC GT LLC (the "Project Company") containing the provisions set forth below (the "Intercreditor Conditions"), each Non-Managing Member whose I-526 Petition has not been approved or denied by the USCIS may withdraw from the Fund as a member by providing written notice to the Manager of such Member's election to withdraw ("Withdrawal Notice") from the Fund as a Member (each such Member, a "Withdrawing Member") within ten (10) calendar days of being notified of such failure by the Manager. Subject to receiving certain waiver and release documents requested by the Manager,

in its discretion, the Fund will return to each Electing Member that Member's Capital Contribution and the Administrative Fee (both without interest) within thirty (30) calendar days of receiving the Withdrawal Notice..."

We suggest that investors subscribe to the Fund but instruct their attorneys not to file I-526 until the earlier of (i) Execution of the inter-creditor agreement or (ii) September 30, 2012 (for example). This would mean that if by 9/30/2012, the Senior Loan and the inter-creditor agreement are not arranged the investor can withdraw. The appropriate paperwork to implement the above needs to be drafted.

Regards,

Henry Fielder

SAMPLE